

28 August 1958

MEMORANDUM FOR: Chief, Services Division, OHR

ATTENTION: [REDACTED] 25X1A9a

THROUGH: Deputy Chief, Industrial Division, OHR

FROM: [REDACTED] D/I 25X1A9a

SUBJECT: Supplement to D/I Contribution to SNIE 100-8-58

1. It is possible that in addition to the other Soviet needs previously mentioned, the fulfillment of Soviet goals in the ferrous metal industry might require imports of ore processing machinery, iron making machinery, and steel production and finishing machinery. Current estimates show that Soviet steel production is being retarded by difficulty in mining and concentrating iron ore. After 1960 it is estimated that shortages in capacity for the production and finishing of steel may develop, unless Soviet planners adopt some corrective measures.

2. Two types of import programs might aid in helping the USSR to meet its ferrous metal goals. An immediate (1958-1961) program could include imports from the U.S. and Western Europe of ore processing equipment and individual machines (less than a complete plant) for producing and finishing iron and steel.

3. A long run program might include the purchase of a complete steel-making plant in Western Europe, or less likely, the U.S. Such a purchase would necessarily involve a pre-delivery lead time in the exporting country of a minimum of 2 - 3 years. Credit, delivery problems, technical adjustments, and specialist exchange are only a few of the problems that would arise. In view of the difficulties connected with the long run program it is more probable that the USSR would adopt the short run (immediate) program of importing individual machines for ore processing and metal finishing.

SECRET

SUBJECT: Supplement to D/I Contribution to SNI 100-3-58

4. If the Soviets do include these items in any expanded US-USUR trade it would not destroy the validity of our earlier commodity (chemical and electronic equipment) estimate and it would enforce our estimate that the assumed dollar volume (\$100-150 million) is too low. However, if the Soviets should seriously consider the purchase of a complete steel plant it would, of course, require revision of the assumed commodity mixture and dollar volume.

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